TRIGON

Thomas G. Snead, Jr.
Chairman of the Board and
Chief Executive Officer

April 23, 2001

CONFIDENTIAL

Credit Suisse First Boston Corporation
Eleven Madison Avenue, 23rd Floor
New York, NY 10010-3629

Atten: Mr. Benjamin C. Adams
cc: Mr. Stuart Smith

Dear Mr. Adams:

We were pleased to learn that the Boards of CareFirst and its subsidiaries continue their consideration of the opportunities presented by a partnership with Trigon. We continue our resolute belief in the strategic fit of our two organizations, the cultural fit of our teams, and the benefits to the customers, associates, and constituents of our region that can only be captured through a very real partnership between our two plans. CareFirst and Trigon are both committed to ensuring quality, affordable health care for our neighboring communities, and keeping health care decision making, employment, and economic development in our region.

We remain committed to ensuring local representation in health coverage issues by providing continuing meaningful roles for the directors of the existing Blue Cross Blue Shield subsidiaries, the CareFirst management and employees. We look forward to welcoming Bill Jews and other Directors to our board, and to working with the CareFirst management team as partners in both local market and corporate management roles. Working in a combined plan with greater reach and resources, the associates of both firms will be afforded greater security and opportunities for growth.

Our regional alliance would ensure a substantial operating presence is retained in Maryland, D.C., and Delaware, not assimilated into a distant national infrastructure. CareFirst systems and operations are exemplary in many respects, and complementary to our capabilities at Trigon We would hope to leverage and retain the best of both organizations. In addition, we would hope to leverage the newfound scale of the combined company to support ancillary business operations, such as dental coverage, for which infrastructure investments were inefficient for our firms independently. Together, we can not only secure, but expand our regional economy and employment.

OCC 009138

Mr. Benjamin Adams
April 23, 2001
Page 2

You have invited us to revise aspects of our proposal, which we incorporate by reference to our letters of March 2 and March 18. Based on our discussions, we would like to clarify the proposal terms with respect to manner in which we might address material adverse changes to the business between signing and closing. Our objective is to create a strong platform for regional growth while ensuring the CareFirst management team has the flexibility needed to address unforseen market conditions and position the company for continued success. We would propose a definition of material adverse to be triggered only if CareFirst were to achieve less than 75% of the earnings outlined in the 2001 forecast included in S&P Briefing Book. We would propose that this floor increase only 15% per year thereafter, with corresponding parameters around membership and other key economic drivers. Below this level of performance, we would suggest that repricing mechanisms be employed to ensure that the transaction would still close, but under terms more fairly reflecting the enterprise value.

We believe that, taken as a whole, our proposal presents an attractive and compelling basis for partnership discussions. While we have attempted to put forth a package of terms that we hope reflects your preferences for the mix of tradeoffs inherent between their various components, we have not yet discussed them as a whole. We are flexible in our ability to consider a partnership under different terms and are eager to hear from you, that it might guide us to a different mix of terms that would better suit all our needs.

We recognize the transformational nature of this partnership for CareFirst and its associates. I was personally responsible for leading our own conversion process just five years ago, and only in hindsight can I now fully appreciate the detail and complexity of the efforts required to complete the legal conversion. More importantly, we can now appreciate how the level of those legal efforts pale in comparison to those required to complete an organizational conversion. Ours continues to this day as we strive to bring all of our associates into the performance culture of a publicly traded enterprise. We remember the challenges of our recent years and how important it is to work through with sensitivity and compassion for the associates who serve our members every day.

This is a transformational event for Trigon as well, and we recognize that it will be a long and complex effort. We are viewed today as your natural partners, and the world is watching – Wall Street, our Blue peers, customers, providers and associates. Once launched, we must see this effort through successfully – not just through multijurisdictional legal approvals, but through the growth and maturation of a real working partnership. We all make our homes in this region, and therefore we can neither fail nor act unfairly in these efforts. Our local presence, and regional ties give us unparalleled abilities to assist in the legal process. These ties also underpin our need, once begun, to work through to a successful conclusion. This partnership needs to happen, and we are ready, willing and able like no other party to set it up and see it through with you.

Mr. Benjamin Adams
April 23, 2001
Page 3

We look forward to hearing from you in the coming week. Please contact David M. Platter, Senior Managing Director of Bear, Steams, Inc. at (212) 272-7720, John M. Venezia, Senior Managing Director at (212) 272-2375, or Timothy P. Nolan, Senior Vice President of Trigon at (804) 354-3173 to discuss the details of our Proposal.

Sincerely,

Thomas C. [signature]